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Viewing cable 07MOSCOW5173, C) YUKOS FINANCE BUYER: NO PRE-ARRANGED DEAL WITH

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07MOSCOW5173**.

Reference ID	Created	Released	Classification	Origin
07MOSCOW5173	2007-10-26 13:27	2011-08-30 01:44	CONFIDENTIAL	Embassy Moscow

Appears in these articles:

<http://www.mcclatchydc.com/2011/05/16/114269/wikileaks-cables-show-oil-a-major.html>

VZCZCXRO0388
PP RUEHDBU RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHMO #5173/01 2991327
ZNY CCCCC ZZH
P 261327Z OCT 07
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 4879
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEHXL/MOSCOW POLITICAL COLLECTIVE PRIORITY
RUEHSL/AMEMBASSY BRATISLAVA PRIORITY 0220
RHEHNSC/NSC WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 005173

SIPDIS

SIPDIS

DEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIGHT
DOE FOR HARBERT, HEGBORG, EKIMOFF
DOC FOR 4231/IEP/EUR/JBROUGHER
NSC FOR MCKIBBEN

E.O. 12958: DECL: 10/25/2017

TAGS: [EPET](#) [ENRG](#) [ECON](#) [PREL](#) [RS](#)

SUBJECT: (C) YUKOS FINANCE BUYER: NO PRE-ARRANGED DEAL WITH ROSNEFT

REF: A. BRATISLAVA 561

[B](#). BRATISLAVA 420

Classified By: Econ MC Eric Schultz for Reasons 1.4 (b/d)

SUMMARY

[1](#). (C) One of the major investors behind the August 15 purchase of Yukos Finance assets at auction told us October 23 that the investors hoped to "unwind" the various lawsuits and other claims against the company. They planned to use the \$1.5 billion in cash assets and the 49% stake in Slovakia's Transpetrol to settle the debt claims, leaving them with a substantial profit. He added that the investors intended to sell the Transpetrol stake but had no pre-arranged deal with Rosneft. End Summary.

VERY COMPLICATED, VERY PROFITABLE

[2](#). (C) XXXXXXXXXXXX (Amcit, protect), XXXXXXXXXXXX of Renaissance Capital, confirmed October 23 that Renaissance and Amcit investor Richard Dietz were the financial backers of Monte Valle, the investment firm which bought Yukos Finance at auction on August 15. Monte Valle's owner, Amcit Steve Lynch, had profitably purchased a previous Yukos lot. XXXXXXXXXXXX said Renaissance had been brought in by Lynch.

[3](#). (C) According to XXXXXXXXXXXX, the main assets of Yukos Finance are about \$1.5 billion in cash and a 49% stake in Slovakia's Transpetrol, which XXXXXXXXXXXX indicated has a market value of \$100-150 million. Those assets are currently tied up in lawsuits, including especially a suit by Yukos International (former Yukos Finance) directors Dave Godfrey and Bruce Misamore, both Amcits, who are claiming the Yukos bankruptcy proceedings were illegitimate. The assets are also offset by debt claims from creditors Rosneft and another investment group, Menatep (reftels).

[4](#). (C) XXXXXXXXXXXX said Monte Valle already has an agreement in place with Rosneft and Menatep to settle the debts and drop various related lawsuits. He said it would cost about \$1.25 billion to retire the debts. In addition, a Dutch court is expected to rule on October 31 on Godfrey and Misamore's suit. If the investors are able to successfully "unwind" the various claims and lawsuits, and to sell the Transpetrol stake for market value, XXXXXXXXXXXX said they stand to make a profit of \$50 - \$100 million on their approximately \$300 million investment in the purchase.

SELLING TRANSPETROL STAKE

[5](#). (C) XXXXXXXXXXXX said that contrary to widespread speculation, Monte Valle had not been acting as a proxy for Rosneft and the deal in place was simply to settle the debts and related lawsuits. There was, for instance, no agreement to sell or turnover to Rosneft the pipeline stake. That said, none of the investors were interested in keeping the asset. On the contrary, XXXXXXXXXXXX said, they needed to sell it for a "material sum" to realize their profits. Rosneft was a potential purchaser of the stake, but it was just one of many.

[6](#). (C) XXXXXXXXXXXX said that given the continuing uncertainties surrounding Yukos Finance's assets, the investors have yet to focus on the sale of the stake in Transpetrol. He indicated the investors were wary of the political interest in the pipeline stake. They might be interested in a "negotiated solution" (as suggested in ref A) but only at a market price. Moreover, they were also sensitive to the reaction of the

Russian government.

COMMENT

17. (C) The investors are planning on a quick and profitable deal and in that regard selling the Transpetrol stake for market value would seem to be a key. They are therefore unlikely to be willing to sell to anyone at a discount and would not want politics to interfere in their purely commercial affair. On a general note, this complex deal is typical of Yukos "auctions." The owners, purchasers and details all tend to be very opaque, often deliberately, and all involved tend to profit handsomely from the demise of Yukos. End Comment.
Burns